

## Republic of Korea

### Overview

Korea is Canada's third largest market in the Asia-Pacific region (after Japan and China) and the eighth largest worldwide. In 2003, Canada's goods exports to the Republic of Korea totalled \$1.9 billion, and imports were \$5.1 billion. Although considerable liberalization occurred after Korea's 1997 financial crisis, Korea's economic policies are typically designed to protect its domestic industry, encourage exports and discourage imports of some value-added goods. Generally, tariffs, import licences, import procedures and social norms all favour the import of raw materials and industrial equipment rather than finished goods. Despite the liberalization of import procedures over the past few years, significant obstacles and rigidities remain a problem in some areas.

The Canada-Korea Special Partnership Working Group (SPWG), launched in April 1994, aims to increase cooperation in areas such as trade, investment, industrial cooperation and technology transfer. One subcommittee of the SPWG specifically addresses market access issues, while another subcommittee was created to further cooperation between the private sectors of both countries. This subcommittee is initially focusing on manufacturing technology, new materials, biotechnology, the environment, energy and telecommunications.

In 2002, Canada initiated an ongoing, comprehensive strategy aimed at resolving outstanding sanitary and phytosanitary issues through discussions among technical officials.

### Market Access Results in 2003

- BSE restrictions on imports of Canadian bovine semen were removed on October 2, 2003.
- Imports of Canadian pet food containing chicken meat were approved on September 24, 2003.
- The approval of sales of seal meat for human consumption led to a number of shipments of Canadian product.
- A tariff rate quota of 160,000 tonnes on feed peas was announced in 2004, at a tariff rate of 2%.

### Canada's Market Access Priorities for 2004

- Continue representations aimed at removing Korea's BSE measures on imports from Canada.
- Continue annual monitoring of applied tariffs that are subject to possible adjustment to ensure that market access for Canadian products is not reduced.
- Continue to press for tariff parity between competing products such as canola oil, soybean oil, feed peas and other feed ingredients.
- Press for changes to soybean tendering procedures.
- Press for agreement on phytosanitary protocols for tomatoes and seed potatoes.
- Implement phytosanitary protocols for marking approved softwood lumber.

### IMPROVING ACCESS FOR TRADE IN GOODS

#### Bovine Spongiform Encephalopathy

Following Canada's May 20, 2003, announcement of a BSE case, Korea issued a ban on the import of Canadian ruminant animals, meat and meat products, including semen, embryos, ova, tallow, gelatine and collagen. The ban also applied to pet food containing poultry meat meal, poultry offal or poultry bone meal. In October, Korean authorities agreed to resume imports of Canadian bovine semen. Canada has kept all its trading partners, including Korea, fully informed of the results of its investigation and regulatory response, and it is requesting a resumption of trade on scientific grounds. (For further information, see the BSE overview in Chapter 2.)

#### Canola Oil

Canada continues to seek tariff parity between canola oil and other competing products such as soybean oil, as well as the elimination of tariff escalation (i.e., low tariffs on raw materials and higher tariffs on processed goods). Korea applies a tariff of 10% on crude canola oil and 30% on refined. Canola oil is the only imported edible oil that is subject to this treatment. In comparison, Korea applies a 5.75% tariff on crude and refined soybean oil.